

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 IO-13 ISO-00 STRE-00 STR-07 LAB-04
COME-00 INT-05 AGRE-00 TRSE-00 ITC-01 CEA-01
CIAE-00 INR-10 NSAE-00 SS-15 NSC-05 SP-02 HUD-01
SIL-01 /084 W

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FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 0687
INFO USMISSION GENEVA
AMEMBASSY SEOUL

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USMTN

DEPARTMENT ALSO PASS STR AND LABOR ELECTRONICALLY

E.O. 11652: N/A
TAGS: ETRD, EPAP, MTN, JA, KS
SUBJECT: STRAUSS-USHIBA FOLLOW-UP--FOREST PRODUCTS:
STR LANDE VISIT AUGUST 21 AND 23.

REF: (A) STATE 209423, (B) TOKYO 11562

1. SUMMARY: ASST. STR LANDE HELD DISCUSSIONS WITH GOJ
OFFICIALS AUGUST 21 AND 23 ON FOREST PRODUCTS. DISCUSSIONS
INCLUDED EXCHANGE OF VIEWS ON HOW TO ORGANIZE JAPAN-U.S.
HOUSING AND WOOD PRODUCTS COMMITTEES. GOJ PREFERS LEAVING
COMMITTEES IN PRIVATE SECTOR, WHILE U.S. FEELS GOVERNMENT
LEADERSHIP IS NEEDED. REFERRING TO U.S. CONCERNS THAT GOJ
MAY BE PLANNING ADMINISTRATIVE GUIDANCE TO REDUCE IMPORTS OF
LUMBER, JAPANESE OFFICIALS STRONGLY DENIED ANY PLANS TO
INTERFERE WITH IMPORTS. THEY ALSO SAID THAT U.S. POLITICAL
ALLEGATIONS THAT JAPAN WAS BUYING U.S. LOGS TO BE PROCESSED
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INTO LUMBER IN KOREA FOR RE-EXPORT TO JAPAN WERE
ERRONEOUS. THEY PRESENTED STATISTICS TO SHOW THAT LUMBER
IMPORTS FROM KOREA HAVE DECLINED THE FIRST SIX MONTHS OF
1978 COMPARED WITH THE SAME PERIOD IN 1977. JAPANESE ALSO
PRESENTED FIGURES INDICATING LOG AND LUMBER IMPORTS FROM
THE U.S. HAVE ALSO DECLINED IN THIS PERIOD. THEY EXPRESSED
DOUBTS THAT NAKAGAWA WOULD DISCUSS WOOD PRODUCTS WHEN HE VIS

VISITS U.S. IN SEPTEMBER. MEETINGS ENDED WITH LANDE
EXTENDING TENTATIVE INVITATION FOR MATSUTANI AND WAKO
TO VISIT U.S. IN LATE SEPTEMBER TO CONTINUE DISCUSSIONS.
END SUMMARY.

2. ASST. STR STEPHEN LANDE MET WITH GOJ OFFICIALS
H. FUKUDA, FOREIGN MINISTRY; M. WAKO, FORESTRY AGENCY; AND
S. MATSUTANI, CONSTRUCTION MINISTRY; AUGUST 21 AND 23 TO
DISCUSS POSSIBLE PROPOSALS FOR CONTINUING BILATERAL JAPAN-
U.S. DIALOGUES ON FOREST PRODUCTS AND HOUSING. AFTER
USUAL FORMALITIES, LANDE OPENED THE MEETING BY ASKING GOJ
IF THEY BELIEVED MACHINERY TO CONTINUE DISCUSSIONS OF
MUTUAL INTEREST REGARDING WOOD AND HOUSING INDUSTRIES WOULD
BE USEFUL. JAPANESE REPLIED THAT THEY DID, BUT WONDERED
HOW PROPOSALS FOR FORUMS MADE TO JAPANESE DELEGATION IN
OREGON WOULD BE IMPLEMENTED. ALSO, THEY ASKED HOW THE
JOINT HOUSING COMMITTEE PROPOSAL DIFFERED FROM AGREEMENTS
ALREADY EXISTING BETWEEN GOJ AND U.S. (HOUSING AND URBAN
DEVELOPMENT). GOJ INDICATED THAT THEY BELIEVED THE
PROPOSED COMMITTEES SHOULD BE PRIVATELY SPONSORED
ORGANIZATIONS RATHER THAN GOVERNMENT TO GOVERNMENT. THEY
SAID THAT IF U.S. VIEWS PNRC (PACIFIC NORTHWEST REGIONAL
COUNCIL) AS PRIVATE GROUP, THE GOJ MIGHT HAVE TO LOOK INTO
ESTABLISHING A COUNTERPART BECAUSE NO SIMILAR ORGANIZATION
EXISTS IN JAPAN.

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3. LANDE RESPONDED THAT IT WAS HIS UNDERSTANDING THAT THE
JAPAN-HUD ARRANGEMENT WAS FOR MOST PURPOSES DORMANT ALTHOUGH
HE LACKED DETAILS CONCERNING ITS FUNCTIONS. THE U.S. SIDE,
HE SAID, HAS NOT SETTLED ON ANY SPECIFIC PLANS FOR COMMITTEES
INCLUDING PNRC'S PARTICIPATION. HE NOTED, HOWEVER, THAT
USG OFFICIALS BELIEVED THAT GOVERNMENT PARTICIPTION AND
LEADERSHIP WAS NEEDED TO ASSURE PROPER CHANNELING OF EFFORTS
AND TO PREVENT POSSIBLE ACRIMONY AND UNDESIRABLE
PUBLICITY.

4. FUKUDA SAID GOJ FELT GOVERNMENT PARTICIPATION WOULD
ENSURE ENOUGHT CONTROL OF COMMITTEES AND THAT SPECIAL
GOVERNMENTAL BODY WAS NOT NEEDED. THE REASON, HE SAID,
WAS THAT THE GOVERNMENT COULD NOT TELL THE PRIVATE SECTOR
WHAT TO IMPORT. ALSO, HE NOTED, THE GOJ THOUGHT IT TOO
MUCH TO HAVE THREE ORGANIZATIONS; I.E., A HOUSING
COMMITTEE, A LUMBER TRADE COMMITTEE, AND A GOVERNMENT TO
GOVERNMENT COMMITTEE. FIRST DAY MEETING ADJOURNED WITH A
REVIEW OF REMAINING QUESTION (REFTEL A) AND REQUEST
THAT GOJ BE PROVIDED WITH MORE INFORMATION CONCERNING
PNRC'S COMMITTEE ROLE.

5. SECOND MEETING BEGAN WITH LANDE EXPRESSING U.S. CONCERN OVER CONTINUING JAPANESE PRESS SPECULATION THAT FORESTRY AGENCY SUPPLY DEMAND FORECASTS WILL BE USED FOR ADMINISTRATIVE GUIDANCE TO CONTROL LUMBER IMPORTS. JAPANESE AGAIN (REFTEL B) ASSURED U.S. THAT FORECASTS WILL BE USED ONLY TO PERMIT IMPORTERS AND PRODUCERS TO EVALUATE MARKETS AND ACT ACCORDINGLY. FUKUDA ENDED DISCUSSION BY STATING, "THERE WILL BE NO GUIDEPOLTS OR GUIDANCES ISSUED BY US. THE NEWSPAPERS ARE INACCURATE."

6. LANDE THEN REITERATED U.S. OFFER (MADE TO GOJ MISSION TO U.S. IN JUNE) TO PROVIDE SAMPLES OF PLYWOOD FOR GOJ TESTING. FUKUDA RESPONDED THAT ALL THE TYPES NEEDED

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DEPARTMENT ALSO PASS STR AND LABOR ELECTRONICALLY

WERE AVAILABLE FROM JAPANESE IMPORTS AND THAT U.S. OFFER WAS NOT NECESSARY.

7. LANDE NEXT REPEATED CONCERNS OF PACIFIC NORTHWEST POLITICAL LEADERS THAT U.S. LOG AND LUMBER PRICES WERE BEING DRIVEN UP BY AGGRESSIVE BIDDING BY JAPANESE TRADING COMPANIES, NOT ONLY EXPORTING FROM THE U.S. TO JAPAN, BUT ALSO EXPORTING LOGS FROM U.S. TO KOREA FOR PROCESSING AND RE-EXPORT TO JAPAN. JAPANESE PROVIDED FIGURES SHOWING THAT JAPANESE LOG AND LUMBER IMPORTS FROM THE U.S. FOR

FIRST SIX MONTHS OF 1978 WERE DOWN FROM THE SAME PERIOD OF 1977. IMPORT FIGURES OF LUMBER FROM KOREA WERE ALSO DOWN. IF JAPANESE PURCHASERS ARE BIDDING UP PRICES IN U.S., THEY SAID, THE REASON HAS TO LIE WITH AVAILABILITY OF PRODUCTS, NOT QUANTITIES PURCHASED. JAPANESE LOG AND LUMBER FORECASTS FOR NEXT SIX MONTHS PREDICT AN INCREASE IN DOMESTIC DEMAND OF ONLY ABOUT ONE PERCENT, THEY NOTED.

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8. CONCERNING AGRICULTURE, FORESTRY, AND FISHERIES MINISTER NAKAWAWA'S VISIT TO U.S. NEXT MONTH, FUKUDA SAID HE DOUBTED THAT NAKAGAWA WOULD BE PREPARED TO DISCUSS WOOD PRODUCTS. NAKAGAWA WILL BE CONCERNED WITH ORANGES AND BEEF, FUKUDA SAID.

9. TURNING TO HOUSING, MATSUTANI PRESENTED LANDE WITH STATISTICS SHOWING ACTUAL JFY 1977 HOUSING STARTS AND JFY 1978 FORECASTS. MATSUTANI SAID HE BELIEVED THERE MAY BE SOME ACTUAL INCREASE ABOVE THE FORECASTS. PLATFORM FRAME CONSTRUCTION (2X4) STARTS ARE ALSO EXPECTED TO INCREASE, HE SAID, WITH THE ESTABLISHMENT OF A NEW DIMENSION LUMBER DISTRIBUTION POINT IN HIROSHIMA.

10. MEETING ENDED WITH JAPANESE SUMMARY OF DEPRESSED STATE OF JAPAN'S WOOD PRODUCT INDUSTRY, WHICH WAS REPEAT OF PRESENTATION MADE DURING U.S. VISIT OF JAPANESE STUDY GROUP. LANDE ALSO TABLED POSSIBILITY OF INVITATIONS TO MATSUTANI AND WAKO TO VISIT U.S. IN SEPTEMBER IN ADVANCE OF POSSIBLE OCTOBER MEETING BETWEEN AMBASSADOR STRAUSS AND MINISTER USHIBA. FUKUDA REPLIED THAT IT MAY BE DIFFICULT FOR THEM TO GET AWAY BECAUSE OF PROBABLE SPECIAL DIET SESSION AT THAT TIME. MANSFIELD

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